

FINAL BILL REPORT

ESHB 1830

C 377 L 05

Synopsis as Enacted

Brief Description: Establishing the capital projects review board.

Sponsors: By House Committee on State Government Operations & Accountability (originally sponsored by Representatives Hunt, Jarrett, Morrell, McDonald, Pettigrew, Hasegawa, Eickmeyer, Clibborn, Simpson and Ericks).

House Committee on State Government Operations & Accountability

House Committee on Capital Budget

Senate Committee on Government Operations & Elections

Senate Committee on Ways & Means

Background:

Most public works projects are completed using the design-bid-build procedure, in which the architectural design phase of a project is separate from the construction phase. Under this process, an architectural firm is retained to design the facility and prepare construction documents. After the detailed design and construction documents are complete, the construction phase of the project is put out for competitive bid. A construction contract is then awarded to the lowest responsible bidder.

Alternative procedures for public works projects were first used on a very limited basis and then adopted in statute in 1994 for certain pilot projects. These alternative procedures included a design-build process and a general contractor/construction manager (GC/CM) process could be used on projects costing in excess of \$10 million.

The design-build procedure is a multi-step competitive process to award a contract to a single firm that agrees to both design and build a public facility that meets specific criteria. The contract is awarded following a public request of proposals for design-build services. Following extensive evaluation of the proposals, the contract is awarded to the firm that submits the best and final proposal with the lowest price.

The GC/CM method employs the services of a project management firm that bears significant responsibility and risk in the contracting process. The government agency contracts with an architectural and engineering firm to design the facility and, early in the project, also contracts with a GC/CM firm to assist in the design of the facility, manage the construction of the facility, act as the general contractor, and guarantee that the facility will be built within budget. When the plans and specifications for a project phase are complete, the GC/CM firm subcontracts with construction firms to construct that phase. Initial selection of GC/CM finalists is based on the qualifications and experience of the firm.

Under the 1994 legislation, a temporary independent oversight committee was created to review the utilization of design-build and GC/CM. The committee was composed of representatives from state and local agencies, the construction and design industries, labor organizations, and four members of the Legislature, one from each caucus. The committee report, issued on January 21, 1997, recommended that the authorization to use the alternative methods on a pilot basis be extended to June 30, 2001, and that certain modifications be made to the alternative contracting procedures to increase the efficiency and effectiveness of the methods. Those recommendations were adopted in 1997 and, also that year, the committee was eliminated. In 2001, the authorization to use alternative public works procedures again was extended to June 30, 2007.

The 2003-05 Capital Budget directed the Joint Legislative Audit and Review Committee (JLARC) to study the use of GC/CM contracting procedures in major public works projects. The study consists of a review of past and current projects constructed using GC/CM contracting procedures to determine the feasibility of assessing the public benefits and costs. The final report will be presented in June 2005.

Summary:

The Capital Projects Advisory Review Board (Review Board) is established to evaluate public capital projects construction processes and to advise the Legislature on policies related to alternative public works delivery methods.

Review Board membership includes the following members appointed by the governor: one representative from construction general contracting; one representative from the design industries; two representatives from construction specialty subcontracting; one representative from a construction trades labor organization; one representative from the Office of Minority and Women's Business Enterprises; one representative from a higher education institution; one representative from the Department of General Administration; and one representative of a domestic insurer authorized to write surety bonds for contractors in Washington. All appointed members must be actively engaged in or authorized to use alternative public works contracting procedures.

Two at-large members will represent local public owners and will serve terms on a rotating basis. These members are appointed by the Association of Washington Cities, the Washington State Association of Counties, and the Washington Public Ports Association. A member of the Public Hospital District Project Review Board and a member of the School District Project Review Board also will be included on the Review Board as non-voting members.

Legislative members of the Review Board include two members of the House of Representatives, one from each major caucus appointed by the Speaker of the House of Representatives, and two members from the Senate, one from each major caucus appointed by the President of the Senate. Legislative members shall be non-voting.

The Review Board will convene as soon as practical after July 1, 2005, and will meet as often as necessary. The Department of General Administration must provide staff to support the Review Board.

The Review Board must develop and recommend to the Legislature: (1) criteria that may be used to determine effective and feasible use of alternative contracting procedures; (2) qualification standards for general contractors bidding on alternative public works projects; and (3) policies to further enhance the quality, efficiency, and accountability of capital construction projects through the use of traditional and alternative delivery methods and recommendations on expansion, continuation, elimination, or modification of alternative public works contracting methods. The Review Board must also evaluate future use of other alternative contracting procedures, including competitive negotiation contracts.

One demonstration project using the GC/CM or design-build alternative public works contracting procedures is authorized for any city that is located in a county authorized to use alternative public works or in a county that is a member of the Puget Sound Regional Council, has revenues that exceed \$60 million, and has a population greater than 25,000 but less than 45,000. The demonstration project must be valued over \$10 million and contracts for the demonstration project must be entered into before March 1, 2006.

Votes on Final Passage:

House	97	0	
Senate	47	0	(Senate amended)
House	98	0	(House concurred)

Effective: July 24, 2005